

Service Date: November 21, 1975

BEFORE THE UTILITY DIVISION
DEPARTMENT OF PUBLIC SERVICE REGULATION
MONTANA PUBLIC SERVICE COMMISSION

In the matter of the application)	
of PACIFIC POWER & LIGHT COMPANY)	
for an order authorizing it to)	DOCKET NO. 6363
issue not exceeding 1,600,000)	
shares of its \$_____No Par Serial)	DEFAULT ORDER NO. 4224
Preferred Stock, with a stated)	
value of \$25 per share)	

On October 22, 1975, PACIFIC POWER & LIGHT COMPANY, hereinafter referred to as Applicant, a corporation organized and existing under and by virtue of the laws of the State of Maine, and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to Sections 70-117.1 to 70-117.6, inclusive, RCM 1947, requesting an order authorizing Applicant to issue not exceeding 1,600,000 shares of its \$____ No Par Serial Preferred Stock, with a stated value of \$25 per share. The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of Applicant's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issue, the other regulatory authorizations required and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission, held in its office at 1227 11th Avenue, Helena, Montana, on November 20, 1975, there being present Chairman Gordon E. Bollinger, P. J. Gilfeather, Commissioner, Thomas G. Monahan, Commissioner,

James R. Shea, Commissioner, and George Turman, Commissioner, there came before the Commission for final action the matters and things in Docket No. 6363, and the Commission, having fully considered the application and all the data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS OF FACT

1. Applicant, Pacific Power & Light Company, is a corporation organized and existing under and by virtue of the laws of the State of Maine and is qualified to transact business of Montana.
2. Applicant is operating as a public utility as defined in Section 70-103, RCM 1947, and as such is engaged in furnishing electric and water service in Montana.
3. The Commission has jurisdiction over the subject matter of said application under Sections 70-117.1 through 70-117.6, RCM 1947.
4. Public notice of the filing of application and opportunity for the public hearing was given on October 30, 1975, in The Western News, Libby, Montana; on October 29, 1975, in The Missoulian, Missoula, Montana; and on October 29, 1975, in The Daily Inter Lake, Kalispell, Montana, and no protests or requests for a formal hearing were received by November 17, 1975.
5. The securities proposed to be issued are not exceeding 1,600,000 shares of Applicant's \$___ No Par Serial Preferred Stock, with a stated value of \$25 per share (New Preferred Stock). The New Preferred Stock will be issued pursuant to Applicant's Restated Articles of Incorporation as amended, will be entitled to annual dividends, be redeemable at such redemption prices, be entitled to such preferences on voluntary or involuntary liquidation and have such voting rights as shall be fixed and determined by resolution of Applicant's Board of Directors after Applicant has received from underwriters through competitive bids, their proposed terms for the purchase of the New Preferred Stock. Otherwise, the shares of the new

series will have the same terms and characteristics as are applicable to all shares of Applicant's No Par Serial Preferred Stock, irrespective of series, all as more fully set forth in Applicants' Restated Articles, as amended. Limitations on the redemption of shares of the New Preferred Stock comparable to the limitations on the redemption of long-term debt securities will be included in the proposed resolutions of the Board of Directors establishing the New Preferred Stock series (Exhibit C-1). Such limitations are necessary under existing market conditions in order to obtain the lowest cost of money to Applicant from sale of the New Preferred Stock. In view of Applicant's large and continuing construction program, it is unlikely that it would have opportunity to redeem the New Preferred Stock at a lower cost of money during the five-year non-refundable period if there were no restrictions on refundability.

For a further description of the New Preferred Stock, reference is made to Description of New Preferred Stock in Applicant's Registration Statement (Exhibit D).

6. Applicant proposes publicly to invite bids for the purchase from it of the shares of New Preferred Stock. For a description of the competitive bidding procedures proposed to be followed, reference is made to (a) the proposed Public Invitation for Bids and accompanying Statement of Terms and Conditions Relating to Bids (Exhibit G-1) and to (b) the proposed Form of Bid and accompanying Terms of Purchase (Exhibit G-2). It is contemplated that the underwriters will thereupon make a public offering of the New Preferred Stock following the Registration Statement being declared effective under the Securities Act of 1933.

7. Information showing, both on a per unit and total basis, (a) the price at which the New Preferred Stock is to be offered to the public by the underwriters, (b) the discount or commission at which it is to be sold by Applicant to the underwriters, and (c) the resulting proceeds to Applicant from the sale of said securities will be supplied promptly as soon as available.

8. Estimates as to the various items of expense to be incurred in connection with the issuance and sale of the New Preferred Stock are set forth in the application. The total estimated expense in connection therewith is \$95,000.

9. All of the estimated proceeds of \$40,000,000 (assuming the sale of 1,600,000 shares) less expenses of issuance and sale, to be realized from the sale of the New Preferred Stock will be used to repay short-term notes prior to or as they mature. The short-term notes to be refunded have been or will be issued by Applicant (a) pursuant to a Line of Credit with certain banks, (b) in the form of Commercial Paper, as authorized by the Commission's Order No. 4138, dated May 29, 1974 (Docket No. 6227), or (c) pursuant to a Letter Agreement dated September 18, 1975, with certain banks therein named providing for a revolving stand-by loan facility not exceeding \$50,000,000 at any one time outstanding (Docket No. 6345). Proceeds from the sale of these notes have been and will be used to temporarily finance current transactions, including a part of Applicant's construction program. Construction expenditures for 1975-1976 are presently estimated at \$594,507,000 (Exhibit F). It is estimated that at the time of the sale of the New Preferred Stock, the aggregate principal amount of short-term notes outstanding will be about \$120,000,000.

10. Permanent financing heretofore undertaken by Applicant in 1975 consisted of the sale of 3,500,000 shares of its Common Stock of the par value of \$3.25 per share (Docket No. 6269), the net proceeds from which were approximately \$55,580,000, the sale of \$60,000,000 in principal amount of First Mortgage Bonds (Docket No. 6296), the net proceeds from which were approximately \$59,145,000 and the sale of 3,000,000 shares of Its Common Stock (Docket No. 6328) the net proceeds from which were approximately \$53,686,000. Applicant plans to offer for sale additional shares of Its Common Stock under its Employees' Stock Purchase Plan (Docket No. 6248) during the last quarter of 1975.

11. The balance of funds required to meet Applicant's estimated 1975-1976 construction expenditures is expected to come, in part, from funds to be generated internally, from short-term borrowings pursuant to Applicant's Line of Credit (or as it may be renewed), from the sale of Commercial Paper from borrowings pursuant to said Letter Agreement or through a combination thereof, and from further permanent financing in 1976 of a type and magnitude not yet finally determined.

12. In addition, by Order No. 4104 of the Commission entered June 11, 1973 (Docket No. 6191), Applicant is authorized to assume liability as guarantor of not exceeding \$60,000,000 of Pollution Control Revenue Bonds to be issued by the County of Sweetwater, Wyoming. \$25,000,000 of the revenue bonds, dated as of October 1, 1973, (Series 1973 Bonds) were issued on October 24, 1973; \$15,000,000 thereof dated April 1, 1975 (Series 1975A Bonds) were issued April 17, 1975; and an additional amount thereof (Series 1975B Bonds) are proposed to be issued later in 1975 for the purpose of paying a portion of the cost of acquiring and improving certain air and water pollution control facilities installed, or being installed, at the first three units of the Jim Bridger coal-fired, steam electric generating plant in Sweetwater County, Wyoming, which is owned and being constructed by Applicant and Idaho Power Company, as tenants in common.

13. For additional information with respect to the purpose for which the New Preferred Stock is to be issued, reference is made to Applicant's Registration Statement, Use of Proceeds, Construction Program and Financing Plans (Exhibit D).

14. Applicant requests that it be authorized to issue and sell the New Preferred Stock without further filing with the Commission and states that it will promptly furnish the aforesaid information with respect to the results of competitive bidding as soon as available.

CONCLUSIONS OF LAW

The securities transaction proposed by Applicant, as hereinafter authorized, will be for a lawful purpose and is consistent with the public interest; the same is necessary, appropriate and consistent with the proper performance by Applicant of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of Applicant.

ORDER

IT IS ORDERED BY THE COMMISSION:

1. The application of Pacific Power & Light Company for authority to issue not exceeding 1,600,000 shares of its \$___ No Par Serial Preferred Stock, with a stated value of \$25 per share (New Preferred Stock), pursuant to Sections 70-117.1 through 70-117.6, inclusive, RCM 1947, and to use the proceeds for the purposes set forth in its application and hereinabove, is approved, subject to the provisions of this order.

2. Applicant shall sell the New Preferred Stock pursuant to the competitive bidding requirements of the Federal Power Commission's Regulations under the Federal Power Act and the sale of the New Preferred Stock may be made without further application to or order of this Commission.

3. Pacific Power & Light Company shall file with the Commission, as promptly as practicable after the sale of the New Preferred Stock, a statement showing the names of all bidders, the terms of the several bids, a true copy of the purchase agreement and a copy of the final prospectus, and thereafter, copies of all such reports as are required to be filed by Applicant with the Federal Power Commission (FPC) under applicable rules and regulations of the FPC, as now in effect or as hereafter amended, relating to the issuance, sale and use of proceeds from the sale of the securities authorized to be issued by this order.

NOTE: Section 70-117.6, RCM 1947, provides that neither the issuance of securities by Applicant pursuant to the provisions of this order, nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed hereunder.

The approval of this stock offering shall not be construed as precedent to prejudice any future action of this Commission.

Issuance of this order does not mean acceptance of the applicant's exhibits or other

material accompanying the application for any purpose other than the issuance of this order.

DONE in open session at Helena, Montana, on November 20, 1975.

BY ORDER OF THE PUBLIC SERVICE COMMISSION:

GORDON E. BOLLINGER, Chairman

P.J. GILFEATHER, Commissioner

THOMAS G. MONAHAN, Commissioner

JAMES R. SHEA, Commissioner

GEORGE TURMAN, Commissioner

ATTEST:

GAIL E. BEHAN
Secretary

(SEAL)